



Leeson money-making legend exposed as sham

NICK LEESON, the "star trader" at the heart of the Barings disaster, never made any profits for the bank he is accused of destroying.

Bank of England investigators have established that, despite his legendary reputation on the world's complex financial markets, Leeson hid losses that far outweighed the profits he declared.

Barings ran him on a loose rein because it thought he was making millions. It was this lack of close supervision that enabled him to make the disas-

trous trades that eventually bankrupted the bank.

The long-awaited Bank of England report into the events that brought down Britain's oldest merchant bank is to be handed to Kenneth Clarke, the chancellor, this week. Although it has found no evidence of criminal wrongdoing in London, it heavily criticises senior Barings directors. It says, in effect, that against a background of overwhelming managerial negligence in London, Tokyo and Singapore, Leeson acted alone.

Financial records obtained by the investigators show that in each year since Leeson started trading for Barings in the Singapore futures market, the paper profits reported to London were less than the deficit held in "Error Account 88888", which he had set up to hide his losses.

In 1993, a declared profit of \$15m (£9.5m) would have been turned into a loss of \$15m by the \$30m loss in the error account. By the end of 1994, Barings's best year in the markets, Leeson's operation de-

INSIGHT

clared an unprecedented \$50m (£31.5m) profit. But with a hidden \$80m deficit, he had, in fact, lost \$30m.

Most brokers keep "error accounts" as a record of incomplete or questionable transactions. Usually they are cleared within 24 hours. But in Leeson's case it turned into a bottomless pit, which showed a

£386m loss on the day that he left Singapore.

Bank investigators have established that Leeson was able to hide the losses from London by doctoring daily computer returns from Singapore. But their report does not conclude that Leeson's abuse of the error account exonerates his superiors.

Six weeks before the collapse of Barings, officials from Simex, the Singapore market, wrote to Simon Jones, Barings's finance director in Singapore, to warn of a £74m

shortfall in the account, which put it in danger of breaking Simex rules. This warning was reported to London, but was not acted upon.

It is now clear that Leeson was able to confuse his superiors by claiming that his massive trades were being made on behalf of a big client, identified only as Felipe. Within Barings Singapore, this was taken as reassurance that the bank was not exposed to the huge losses he had built up. The Sunday Times has learned that "Felipe" was Felipe Bonnefoy, of the Euro-

pean Bank and Trust, an international investment fund based in the Bahamas.

Bonnefoy had been a bona fide client in the early part of 1994, but had ceased trading through Leeson that summer. Leeson continued to use his name as a trading counterparty. Yet Bonnefoy never held an account with Barings. He only used Leeson as an agent. "The discrepancy should have been spotted a mile away," said a Barings executive.

Insight: Frank Kane and Mark Franchetti

NEWS DIGEST

One ticket scoops £20m lottery jackpot

Last night's winning national lottery numbers:

1 3 11 14 20 40

Bonus number: 45

There was only one lottery ticket with all six numbers correct. It is worth £20,088,838 after last week's jackpot was rolled over. There were 16 tickets with five numbers and the bonus correct. Each is worth £216,136.

Gas blast wrecks block of flats

AN INVESTIGATION has been launched into a gas explosion that demolished a block of flats in Ilkeston, Derbyshire, yesterday, killing one man and injuring five other people. The dead man was named as John Clarke, 45, a father of two children, who was asleep in one of the flats.

Privacy cash

PEOPLE whose privacy is invaded by the press are likely to be compensated under a scheme to be unveiled by Virginia Bottomley, the national heritage secretary. Awards will probably be offered from a fund paid for by newspapers.

Child thief

POLICE are hunting a man who took a car with a 15-month-old child strapped in a rear seat. The thief struck when the driver left the car in Soham, Cambridgeshire, with the engine running while he went to collect his wife. The car was found abandoned soon afterwards with the child safe inside.

Hostage freed

A WOMAN held hostage in Leeds for 40 hours was set free yesterday, but the man who held her at gunpoint refused to come out. Police were still negotiating with a man.

Ten in court

TEN people arrested during disturbances on the Marsh Farm estate in Luton, Bedfordshire, appeared before magistrates yesterday. Other people are expected in court tomorrow. More than 200 riot police were on standby last night, ready to face further violence.

Crash kills three

A COUPLE and a 12-year-old girl died yesterday in a crash involving a car and an articu-



Consultants: Tory MP Elletson, paid for work, PR adviser Bailey, cleared last week, and the real Crown Prince al-Senoussi

How the Libyan 'prince' was foiled

Great illusionist who ran out of luck

THE lunch at the exclusive Travellers' Club in London's Pall Mall was going exceedingly well. Around the table in the library sat Prince Michael of Kent, King Simeon II of Bulgaria and nine captains of British industry. Their host was Anthony Bailey, the youngest ever member of the £600-a-year club.

Then came the disturbance. There was a man at the door of the 170-year-old Italianate building asking to join the table. He said his name was Crown Prince Idris al-Senoussi of Libya and he had just come from breakfast with President Bill Clinton.

The diners refused to allow him to sit with them but later the "prince" gatecrashed the coffee room, where he tried to effect an introduction with

by Maurice Chittenden and Simon Reeve

son, co-editor of Debrett's Peerage said that if you shook it al-Senoussi "would fall out".

Yet with money from Middle Eastern deals, the impostor was to wine and dine his friends from the Palace of Westminster.

The Sunday Times has obtained a file of letters to al-Senoussi from more than 30 MPs, many of whom were guests at Claridge's. Winston Churchill, Tory MP for Davyhulme, wrote: "Your Royal Highness, I am much obliged to you for your most kind invitation to join you for lunch at Claridge's in early October. This I should be delighted to do."

work was John Kennedy, later private secretary to Prince Michael of Kent. Kennedy ran a PR firm called Thunderbolt with Harold Elletson, Tory MP for Blackpool North. Al-Senoussi agreed a contract worth £32,500 a year with the pair. They in turn engaged the services of the Rev William Taylor, vicar of Ealing and a leading Arabist.

The minutes of a meeting held in Claridge's on September 28, 1993, spell out what he was to get for his money. Elletson would arrange for him to speak to the Conservative Middle East Council and an Anglo-North African parliamentary group would be established.

A series of briefing dinners would be arranged for MPs and Elletson would try to arrange

Bellingham/Henry That this House welcomes the speech of His Royal Highness Prince Idris Al-Senoussi, great nephew of the late King Idris I of Libya, and heir presumptive to the Libyan throne, when he addressed an all Party meeting in the House on 26th April; notes that in his speech he made several important points, his deep felt regret and sorrow on behalf of the Libyan people for the murder of WPC Fletcher in St. James's Square, his total rejection of any kind of support,

Big spender: al-Senoussi, the fake prince who spent £110,000 to win 'political support' and Bellingham's Commons motion

for the Libyan royal family, not as crown prince.

However, when he mentioned payment, al-Senoussi claimed he was being blackmailed. Police set up a tape recording on his telephone.

Bailey was arrested by detectives last December in a dawn swoop on his Kensington flat.



Tory MPs duped by 'prince'

continued from page 1

Forty-one MPs signed an early-day motion in 1990 which described al-Senoussi as "great-nephew of the late King Idris I of Libya and heir presumptive to the Libyan throne".

Yet he used his new-found second son of the sixth son of the second son of the younger brother of King Idris's father".

commit Bailey for trial, saying the Libyan was living in a world of make-believe.

This weekend the phoney prince is back in the Middle

from breakfast and President Bill Clinton.

The diners refused to allow him to sit with them but later the "prince" gatecrashed the coffee room, where he tried to effect an introduction with Terry Waite, the former hostage.

However, Bailey knew al-Senussi was a phoney because he worked for the real crown prince. Among his other clients, as a £60,000-a-year public relations adviser, were the Pope on his state visit to Poland, the exiled kings of Greece and Romania, and the Ethiopian and Portuguese royal families.

Genealogists, too, knew that al-Senussi was only a distant cousin of the real prince. His branch on the family tree was so weak that David William-

Davyhulme, wrote: "Your Royal Highness, I am much obliged to you for your most kind invitation to join you for lunch at Claridge's in early October. This I should be delighted to do."

Earlier al-Senussi had posed beneath the statue of Churchill's grandfather in Parliament Square for a magazine article on the future of the world's monarchies. He admitted that he subsequently paid the editor "expenses" for advice.

Al-Senussi could afford to be lavish with his money. He earned \$80m (£50m) in commission on one deal alone. He agreed last week that he might have spent £110,000 on "political support" in Britain.

One of those he paid for

Middle East Council and an Anglo-North African parliamentary group would be established.

A series of briefing dinners would be arranged for MPs and Elletson would try to arrange for al-Senussi to visit Douglas Hogg, then a Foreign Office minister. Taylor would arrange a visit to Libya while Kennedy and the "prince" would liaise by telephone.

Last summer Kennedy and Bailey met when the latter was arranging an official visit to Peru by Prince Michael.

Bailey was reintroduced to his gatecrashing lunch guest. The young PR adviser agreed to devise a public relations programme for al-Senussi, but only one that would confer the status of "senior spokesman"

tioned payment, al-Senussi claimed he was being blackmailed. Police set up a tape recording on his telephone.

Bailey was arrested by detectives last December in a dawn swoop on his Kensington flat. But in court last week Desmond de Silva, QC, said he had been "set up" by al-Senussi because of the success of his work for the real crown prince.

The case is likely to embarrass John Major's government and reopen the controversy over paid parliamentary consultancy work highlighted when The Sunday Times first exposed the "cash for questions" scandal.

Last night Bailey said: "I am delighted my name has been cleared. There were some very sinister aspects to the case."

continued from page 1
Forty-one MPs signed an early-day motion in 1990 which described al-Senussi as "great-nephew of the late King Idris I of Libya, and heir presumptive to the Libyan throne". They included Jonathan Aitken, who resigned last week as chief secretary to the Treasury.

The motion was sponsored by Henry Bellingham, Old Etonian MP for Norfolk North-West. He said yesterday: "If I have been duped so have a lot of other people, including the government. I certainly received no money."

Far from being the rightful heir to the throne, al-Senussi was described last week by the co-editor of Debrett's as "the

second son of the sixth son of the second son of the younger brother of King Idris's father".

Yet he used his new-found credibility in Britain to negotiate with the Libyan government. He believed he could become prime minister while Gaddafi was given the title of spiritual leader.

Al-Senussi had so much false prestige in London that when Anthony Bailey, 25, a public relations adviser, tried to get him to pay for a new £250,000 PR programme, Bailey was investigated by Scotland Yard and charged with blackmail.

Al-Senussi was exposed as a pretender in court on Friday when a magistrate refused to

commit Bailey for trial, saying the Libyan was living in a world of make-believe.

This weekend the phoney prince is back in the Middle East after flying out from Luton in his private jet. He admitted paying money to Elletson's firm to raise his profile "amongst decision-makers in the United Kingdom".

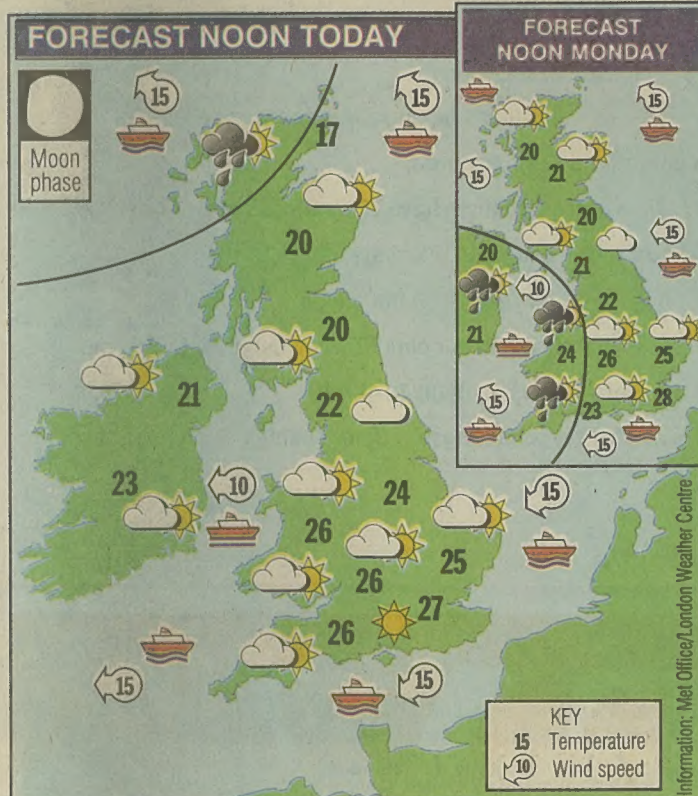
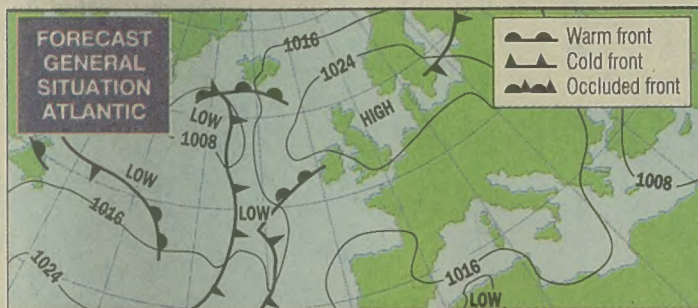
Last night Prince Muhammad al-Senoussi, the rightful heir to the throne, said from his home in Mayfair: "I believe that it is important now, given the crisis that faces my country, that those individuals who have been misled in the past, note the facts so that this type of confusion is not allowed to arise again."

face further violence.
Crash kills three
A COUPLE and a 12-year-old girl died yesterday in a crash involving a car and an articulated lorry on the A690 dual carriageway at Carrville, Durham. Police named the dead couple as Alan Lyons, 50, and Elizabeth Lyons, of Airdrie, Strathclyde. The girl who died was Lindsay Arbuckle, of Belmont, Durham.

Lucky Choi

A MAN was found alive early today in a basement of the shopping mall that collapsed in Seoul, South Korea, 10 days ago. Rescue workers discovered Choi My-Amsuk long after virtually giving up hope of finding survivors.

WEATHER AND TRAVEL OUTLOOK



The sky at night

The bright planet Jupiter lies 5 deg right of the Moon in the S at nightfall and moves towards the SW where it sets at 02.15. Telescopes show Jupiter's four main moons, its cloud bands and the Great Red Spot, though the intensity of the spot varies and it appears more like a pale salmon-pink oval this year. The dusky band which formed after

Jupiter's collision with a comet a year ago has now faded to near-invisibility. The brighter stars at midnight tonight: Vega in Lyra is just SE of overhead; Altair in Aquila stands about 40 deg high in the SE; Deneb in Cygnus is high and due E; Arcturus in Bootes is 35 deg above the WSW horizon; Capella in Auriga twinkles low down in the N; Antares in Scorpius is 7 deg below the Moon.

Today's tides

High tide, Dover: 08.46 5.9m 21.16 6.1m
Time differences: London Bridge +2hrs 52mins, Portsmouth +29mins, Newlyn +6hrs, Milford Haven -4hrs 54mins, Liverpool +13mins, Glasgow +1hr 52mins, Oban -4hrs 51mins, Aberdeen +2hrs 31mins, Hull -4hrs 52mins, Lowestoft -1hr 33mins.

Sun Lights Moon

	rises	sets	on	off	rises	sets
Belfast	04.59	21.58	21.58	05.00	18.41	02.17
Bristol	05.04	21.28	21.28	05.05	18.12	02.16
Glasgow	04.44	22.00	22.00	04.45	18.40	02.04
London	04.54	21.17	21.17	04.55	18.03	02.06
Manchester	04.51	21.36	21.36	04.52	18.20	02.07
Newcastle	04.39	21.43	21.43	04.40	18.24	01.57



Fine, showers possible in North

General situation to midnight tonight: high pressure over Scandinavia will keep much of the country fine and dry. Any overnight mist or fog patches will rapidly clear to leave England and Wales dry with long sunny periods in many areas. In the E, though, with a breeze off the sea it will be cooler with more cloud. Later in the day the cloud will increase in the SW. There is an outside chance of an isolated shower developing in the S towards evening. Scotland and N Ireland will start rather cloudy but it will brighten up with sunny spells developing. Most areas will be dry, although there may be a few showers in the N.

District forecasts

London, SE England, Cent S England, Channel Islands: long sunny periods. Risk of an isolated shower later. Wind E or NE gentle to moderate. Hot. Max 28C (82F).

E Anglia, E England, NE England: dry and bright with some sunshine. Cloudier near the coast. Wind E to NE moderate. Very warm. Max 25C (77F) but cooler on the coast.

Midlands E, Midlands W, N Wales, NW England, Lake District, Isle of Man, Cent N England: dry and bright with sunny intervals. Wind E gentle to moderate. Very warm. Max 26C (79F).

SW England, S Wales: dry and bright with sunny intervals. Becoming more cloudy later. Hot. Wind E gentle to moderate. Max 27C (81F).

Borders, Edinburgh and Dundee, Aberdeen, SW Scotland, Glasgow, Cent Highlands, Moray Firth, Argyll, N Ireland: cloudy start but brightening up with some sunshine. Wind SE moderate. Max 20C (68F).

NE Scotland, NW Scotland, Orkney, Shetland: cloudy start but brightening up with a little sunshine. A few showers developing. Wind SE moderate. Max 17C (63F).

Irish Republic

It will be a fine day with well-broken cloud and a fair amount of sunshine. Highest temperatures will be 23C (73F) with a gentle southeasterly breeze. Outlook for tonight and Monday: cloud will increase as thundery showers push up from the southwest.

The UK last week

Warmest by day: Holbeach, Lincs. (7th) 28C.

Coldest by night: Aviemore, S. Highland (1st) -1C.

Wettest: Bognor Regis, W. Sussex (3rd)

0.84in.
Sunniest: Boulmer, Northumberland (1st) 15.6hr.

Outlook

On Monday thundery showers will push up from the southwest across many areas, although Eastern England and Northeast Scotland may well stay dry until Tuesday. Cooler conditions will spread in during Tuesday. It will continue showery on Wednesday with sunny periods in between.

Motorway works

M1: Leicestershire, contraflow J21 (Leicester) with only two lanes running southbound which causes regular delays.

M5: Avonm contraflow J17/19 (Bristol West/Portbury). Gloucestershire, contraflow J9/10 (Tewkesbury/Cheltenham) for roadworks; contraflow J11/12 (Cheltenham/Gloucester) for roadworks.

M6: Cheshire, widening work J20/22 (Lymm/Winwick) with only two lanes southbound in a contraflow around J21a. West Midlands, contraflow J5/6 (A452/A38M) with three narrow lanes each way and some restrictions on the slip roads at J6. Additional overnight restrictions.

M8: Strathclyde, outside lane closed westbound between J15/18 (Townhead/-Charing Cross).

M9: Lothian, contraflow J4 (Lathallan) until July 27.

M23: Sussex, contraflow J9 (Gatwick).

M25: Surrey, roadworks and lane closures J7/J8 (M23/Reigate); roadworks and lane closures J9/J10 (Leatherhead/A3).

M62: West Yorkshire, roadworks J29 (Lofthouse). Lane closures on the slip roads with extra restrictions overnight and at weekends until November.

M90: Tayside, lane closures at J10 (Friarton Bridge) with a contraflow overnight.

Information: AA Roadwatch

Forecast: Resorts

It should be a very pleasant start to the week for much of the Mediterranean. Most places should have a fair amount of sunshine and temperatures will generally be on the warm side. However, there is the risk of showers developing, especially in the east.

	Today	Monday and Tuesday
Agadir	25 Sunny	Dry, some sunshine
Algiers	33 Sunny	Warm and quite sunny
Algarve	27 Bright	Bright, some sunshine
Athens	30 Showers	Bright, some sunshine
Canaries	27 Shower	Warm, some sunshine
Costa del Sol	27 Bright	Bright, some sunshine
Crete	26 Sunny	Dry, some sunshine
Cyprus	29 Sunny	Dry, some sunshine
Dubrovnik	28 Shower	Warm and fairly sunny
Istanbul	27 Showers	Showers, some sunshine
Madeira	25 Bright	Dry, some sunshine
Malta	32 Sunny	Warm and sunny
Majorca	32 Sunny	Warm and sunny
Nice	26 Sunny	Dry, some sunshine
Palermo	31 Sunny	Warm and sunny
Rome	28 Sunny	Dry and sunny
Tunis	34 Sunny	Warm and sunny

Europe

Amsterdam	29 Sunny	Hot but showery
Berlin	30 Bright	Hot, some showers
Bonn	29 Showers	Hot but showery
Brussels	30 Sunny	Hot but showery
Copenhagen	21 Sunny	Dry and quite sunny
Geneva	29 Showers	Bright, some showers
Madrid	34 Showers	Warm and dry
Milan	29 Sunny	Warm and dry
Oslo	21 Sunny	Warm, fairly sunny
Paris	30 Sunny	Sunshine and showers
Stockholm	22 Bright	Dry with some sunshine
Vienna	29 Sunny	Hot and sunny

Noon yesterday: UK

Belfast	15	59	Rain	Guernsey	22	72	Sun
Birmingham	23	73	Cloud	Inverness	17	63	Fair
Blackpool	21	70	Fair	Jersey	20	68	Sun
Bristol	24	75	Fair	London	25	77	Sun
Cardiff	24	75	Fair	Manchester	22	72	Cloud
Edinburgh	17	63	Fair	Newcastle	16	61	Sun
Glasgow	18	64	Fair	Ronaldsday	18	64	Sun

The world

Ajaccio	26	79	Sun	Malaga	29	84	Fair
Akrotiri	30	86	Sun	Melbourne	11	52	Fair
Alex'dria	29	84	Cloud	*Miami	30	86	Cloud
Algiers	30	86	Sun	Milan	31	88	Sun
Athens	31	88	Sun	*Montreal	24	75	Sun
Bahrain	38	100	Sun	Moscow	23	73	Fair
Barcelona	26	79	Fair	Munich	27	81	Sun
Beirut	29	84	Sun	Nairobi	19	66	Sun
Belgrade	25	77	Sun	Naples	29	84	Fair
Blairitz	29	84	Sun	New Delhi	35	95	Sun
Bordeaux	31	88	Sun	*New York	23	73	Rain
Brussels	27	81	Sun	Nice	26	79	Sun
Budapest	28	82	Sun	Ozlo	20	68	Sun
Cairo	37	99	Sun	Peking	32	90	Sun
Cape Town	14	57	Fair	Prague	27	81	Sun
Casablanca	24	75	Fair	Reykjavik	9	48	Rain
Cologne	30	86	Sun	Rhodes	29	84	Sun
Copenhagen	24	75	Sun	Rio de Jan	22	72	Fair
Corfu	24	75	Thndr	Riyadh	43	109	Sun
Dublin	16	61	Fair	Salzburg	29	84	Sun
Faro	22	72	Fair	*S Francisco	21	70	Sun
Florence	28	82	Sun	Seoul	22	72	Rain
Frankfurt	30	86	Sun	Singapore	31	88	Cloud
Funchal	23	73	Cloud	Stockholm	23	73	Sun
Geneva	28	82	Sun	Strasbourg	29	84	Sun
Gibraltar	20	68	Fair	Sydney	14	57	Sun
Helsinki	23	73	Fair	Taipei	26	79	Cloud
Hong Kong	30	86	Fair	Tel Aviv	32	90	Sun
Innsbruck	27	81	Sun	Tenerife	23	73	Drzrl
Jeddah	39	102	Sun	Tokyo	22	72	Rain
Karachi	33	91	Cloud	Valencia	27	81	Sun
Las Palmas	25	77	Fair	*Vancouver	18	64	Fair
La Touquet	22	72	Fair	Venice	29	84	Sun
Lisbon	26	79	Sun	Vienna	27	81	Sun
Locarno	27	81	Sun	*Washington	28	82	Fair
*L. Angeles	22	72	Fair	Warsaw	27	81	Sun
Luxemburg	29	84	Sun	Zurich	27	81	Sun
Luxor	42	108	Sun				

* Noon on Friday

INCORPORATED 1945 ROYAL CHARTER 1991

HENLEY
Management College

SUCCESSFUL COMPANIES DON'T FOLLOW THE CROWD



To spot an opportunity it pays to take a different view of your business and its markets. At Henley Management College we offer a unique two-week programme that reveals the dynamic possibilities and rewards that radical management strategies can deliver to your organisation. To change your outlook and discover a new horizon, call us now.

THE BUSINESS TRANSFORMATION PROGRAMME

Hazel Carruthers, Henley Management College,
Greenlands, Henley-on-Thames, Oxfordshire RG9 3AU
Tel: (01491) 571454 Fax: (01491) 571635
Direct Line: (01491) 418833 E-mail: HazelC@henleymc.ac.uk

BUILDING PEOPLE - BUILDING BUSINESS